

# SENATE RECORD VOTE ANALYSIS

105th Congress  
2nd Session

Vote No. 102

April 23, 1998, 7:38 pm  
Page S-3528 Temp. Record

## EDUCATION SAVINGS ACCOUNTS/Final Passage

**SUBJECT:** Parent and Student Savings Account PLUS Act . . . H.R. 2646. Final passage, as amended.

**ACTION: BILL PASSED, 56-43**

**SYNOPSIS:** As passed, H.R. 2646, the Parent and Student Savings Account PLUS Act, will provide approximately \$6 billion in tax relief for education over the next 10 years. That cost will be more than fully offset by modifying the employer deduction for vacation pay and by changing the treatment of the foreign tax credit carryback and carryforward periods (for increased revenues of \$6.9 billion over 10 years). Details are provided below.

Education savings accounts. Education savings accounts for higher education were enacted last year. Those accounts hold after-tax income, and the interest is not taxed. This bill will expand that tax credit by increasing the annual contribution limit for education IRAs from \$500 to \$2,000 for taxable years 1999 through 2002 and by changing the definition of qualified education expenses to include kindergarten through twelfth grade (K-12) expenses (the credit currently applies only to higher education expenses). Qualified elementary and secondary expenses will include: tuition, fees, academic tutoring, special needs services, books, supplies, the costs of computers and other equipment incurred in connection with school enrollment or attendance, room and board, uniforms, transportation, and supplementary items, including after school care, that are required or provided by a school for enrollment or attendance. The current age limit for contributions made on behalf of a special needs individual (age 18) will be removed, as will the requirement that all distributions must be made by age 30 for a special needs individual. The bill will also clarify that corporations and other entities will be allowed to make contributions to an individual's education IRA regardless of their income. The current-law income eligibility limits will be retained (eligibility for education IRAs phases out between \$95,000 and \$110,000 for individuals and \$150,000 and \$160,000 for married couples filing jointly). The education tax relief that will be provided by IRA provisions in this bill, by Joint Committee on Tax estimates, will be \$1.524 billion over 10 years.

Qualified State tuition programs. Funds distributed from a qualified State tuition program will be exempt from Federal taxation. The exclusion from gross income will not be permitted in cases where a HOPE or Lifetime Learning credit is claimed on behalf of

(See other side)

YEAS (56)			NAYS (43)			NOT VOTING (1)	
Republicans (51 or 94%)	Democrats (5 or 11%)		Republicans (3 or 6%)	Democrats (40 or 89%)		Republicans (1)	Democrats (0)
Abraham	Helms	Breaux	Chafee	Akaka	Johnson	McCain- <sup>2</sup>	
Allard	Hutchinson	Byrd	Jeffords	Baucus	Kennedy		
Ashcroft	Hutchison	Graham	Specter	Biden	Kerrey		
Bennett	Inhofe	Lieberman		Bingaman	Kerry		
Bond	Kempthorne	Torricelli		Boxer	Kohl		
Brownback	Kyl			Bryan	Landrieu		
Burns	Lott			Bumpers	Lautenberg		
Campbell	Lugar			Cleland	Leahy		
Coats	Mack			Conrad	Levin		
Cochran	McConnell			Daschle	Mikulski		
Collins	Murkowski			Dodd	Moseley-Braun		
Coverdell	Nickles			Dorgan	Moynihan		
Craig	Roberts			Durbin	Murray		
D'Amato	Roth			Feingold	Reed		
DeWine	Santorum			Feinstein	Reid		
Domenici	Sessions			Ford	Robb		
Enzi	Shelby			Glenn	Rockefeller		
Faircloth	Smith, Bob			Harkin	Sarbanes		
Frist	Smith, Gordon			Hollings	Wellstone		
Gorton	Snowe			Inouye	Wyden		
Gramm	Stevens						
Grams	Thomas						
Grassley	Thompson						
Gregg	Thurmond						
Hagel	Warner						
Hatch							

### EXPLANATION OF ABSENCE:

- 1—Official Business
- 2—Necessarily Absent
- 3—Illness
- 4—Other

### SYMBOLS:

- AY—Announced Yea
- AN—Announced Nay
- PY—Paired Yea
- PN—Paired Nay

a student. If a parent chooses to claim a HOPE or Lifetime Learning credit for a dependent, then the earnings portion of a distribution made to a student from a qualified State tuition program will be included in the gross income of the student. The 10-year tax relief from these provisions will be \$1.216 billion over 10 years.

Extension of employer provided assistance. The current law exclusion will be extended until December 31, 2002 (it is scheduled to expire with respect to courses beginning after May 31, 2000). The tax exclusion for graduate-level courses will be reinstated. The exclusion will be limited to \$5,250 of assistance per employee in any calendar year. The 10-year tax relief from these provisions will be \$2.627 billion.

School construction. The small-issuer arbitrage rebate will be increased to \$15 million (from \$10 million), provided that at least \$10 million of the bonds are issued to finance public school construction. A new category of exempt facility bonds will be created for privately owned and publicly operated elementary and secondary school construction in high growth areas. The 10-year tax relief from these provisions will be \$471 million.

Miscellaneous:

- funding will be given to States that adopt teacher merit pay and testing programs (see vote No. 88);
- schools will be permitted to use Federal funds in education reform projects that provide same-gender schools and classrooms, as long as comparable educational opportunities are offered for students of both sexes (see vote No. 89);
- States will be given three options for receiving funding for 20 current Department of Education K-12 educational programs: they will be permitted to receive funding under the current regulatory scheme; they will be permitted to receive funding as a State block grant; or they will be permitted to receive funding as local educational block grants (see vote No. 91);
- it is the sense of Congress that at least 95 percent of Department of Education funds should be spent on our Nation's children in their classrooms (see vote No. 92);
- the Federal Government will not be allowed to engage in any activities related to national testing of children unless they have been specifically and explicitly authorized by law (see vote No. 94);
- States will be permitted to use Elementary and Secondary Education Act funds to give awards to secondary schools that they have determined by objective assessments to be outstanding schools (see vote No. 96);
- a new school dropout program will be authorized (see vote No. 101);
- the General Accounting Office will conduct a study of multilingualism in the United States;
- the Gun-Free Schools Act will be amended by adding that a weapon that has been brought to school by a student will be admissible as evidence in any internal school disciplinary proceeding relating